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Stebbins, Henry George

Sale of surplus gold

[Washington]

[1864?]

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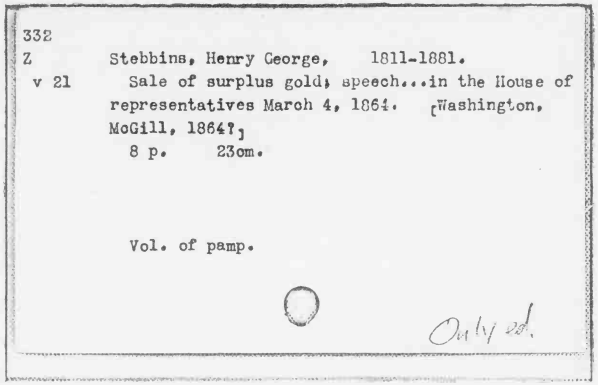

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Z Stebbins, Henry George, 1811-1881.
v 21 Sale of surplus gold; speech...in the House of representatives March 4, 1864. [Washington, McGill, 1864?]
8 p. 23cm.

Vol. of pamp.

Only ed.

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 11-19-97 INITIALS: RB

TRACKING # : 29877

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SALE OF SURPLUS GOLD.

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SPEECH

OF

HON. HENRY G. STEBBINS,

OF NEW YORK,

DELIVERED IN THE HOUSE OF REPRESENTATIVES,
MARCH 4, 1864.

The following speech was delivered in the House of Representatives of the United States, on the 4th day of March, 1864, by the Hon. Mr. Stebbins, Member of Congress from the city of New York. Mr. Stebbins is President of the Board of Brokers of New York, and was elected to Congress by the Democracy. His position therefore as a business man and a politician alike recommends his views to the careful consideration of every unprejudiced mind, and the general circulation of the speech, it is believed, must have a wholesome influence in allaying any apprehension as to the financial ability of the Government in the present crisis.

The House having under consideration the bill (No. 37) to authorize the Secretary of the Treasury to sell any surplus gold in the Treasury—

Mr. STEBBINS said:

Mr. SPEAKER: When the proposition was introduced into this House to authorize the Secretary of the Treasury to sell the surplus gold which had accumulated and which was accumulating in the Treasury of the United States beyond the amount demanded by the wants of the Treasury and the requirements of the law, I took the occasion to declare that I could not regard the question from any other point of view than its bearing upon the great interests of the Government and of the people. I felt constrained to forget my hostility to a paper-money system, and was only willing to remember the circumstances supposed to have compelled its introduction during the period of the war. Great wars having always been carried on under such a system, judgment and experience seemed to concur that this country could not hope to be an exception to the rule. I do not, therefore, now propose to discuss the system itself, nor attempt to point out its imperfections. I desire to see nothing but the great facts that we are in the midst of a civil war; that men and money are necessary for its prosecution; that the national life must be preserved, the honor of our arms sustained, and the integrity of the laws of the United States vindicated. A financial system, the offspring of this great necessity, has grown up. It has been in operation for the past three years. It is interwoven in every part of our industrial system. We cannot abolish it if we would; we ought not to do so if we could. We must wait for peace to prevail before we undertake to pull down the structure and build up another. To undermine and destroy it now is to bury the nation under its ruins.

The introduction of this perfectly legitimate and necessary bill gave rise to a very remarkable debate. The bill was opposed because it conferred fresh and enlarged powers on the Secretary of the Treasury. The injurious effects of the rapid accumulation of gold in the Treasury, as shown in its advance and price, and the consequent advance in the prices of all the necessaries of life, were not denied; but these evils were not considered so important as the consequences which might flow from increasing the Secretary's powers. The Government was actually the unwilling instrument of the speculators on the seaboard, and was in the position of the capitalist who is lending money upon gold to advance its value; was boarding gold beyond its requirements, making it daily more and more scarce in the market, was itself depreciating the currency and feeding speculation; and yet this House was disposed to consider the passage of a bill directing the sale of the surplus on hand as the greater evil of the two. I did not so regard the subject. I felt that the national credit was endangered by this action on the gold market, and I was in favor of instructing the Secretary to sell, at his discretion, all the sur-

plus he had, or was likely to have, over and above the requirements of his Department. I desired him to be so instructed for the purpose of regulating his powers in the direction of his country's necessities. To me his powers lay in the fact that he could hold the gold or keep it out of the market. To direct the sale of any surplus beyond the wants of the Treasury was to limit and restrict his powers.

I desired to protect the people against further expansion, to restrain the madness of speculation that was holding the nation by the throat, and to which the Government at the moment was an unwilling party; and, sir, I have not changed my opinion. Reflection has confirmed my previous judgment. But I pass from the further consideration of this part of the subject.

Each day has added to the testimony that if the importations do not suddenly diminish the price of gold will advance to much higher points; speculation receives a new impulse; prices of the necessaries of life rise in a corresponding degree; and the responsibility of the whole matter rests upon Congress for declining to disembarrass or relieve the Government from a position that no one in his senses ever supposed it would occupy.

The question, to my mind, is one of great national importance, second to none now influencing our action. It ought not to be regarded from a political stand-point. It shall not be, as far as I am concerned; but purely and entirely with reference to its practical bearing upon the interests of the people of the United States.

Sir, in the discussion that followed the introduction of this bill, statements were made, and deductions drawn from those statements, which have passed into wide circulation. I think them calculated to swell the current of improvident speculation, weaken still more the public confidence, depreciate still more the public credit, advance still higher the price of the precious metals, increase to a still greater degree the necessities of the Government, and, just in the same proportion, add to the burdens of a people already staggering and reeling beneath the weight of great anxieties and expenses. Dark predictions were uttered of speedy national bankruptcy, and solemn warnings of national repudiation. These declarations were supported by references to the figures of our public debt. The currency was declared to be $1,000,000,000!—In my judgment, such predictions and statements cannot be made in this House or anywhere else without damage to the public credit and to private interests. Nor can they be without their effect upon the thousands of soldiers in the field, far away from their homes, in an enemy's country. They look to Congress to build up the national credit, to strengthen it if it is really endangered, to fortify it where it needs a breastwork, that they may feel secure of ample supplies of men and money until the war is successfully and honorably terminated. Sir, with all my objections to the financial system of the country, I feel it to be my duty to support that system until the war is over. I think it the duty of every man in this House to labor with industrious zeal to inspire the public with confidence, and so enable the Government to negotiate its loans and meet with promptitude all its obligations.

But, Mr. Speaker, my main object to-day is to dissent from the statements made in that debate as to the facts in respect to the amount and condition of the public debt; to protest against the deductions drawn from them, even if they are as represented; but more particularly to show that there is nothing up to this date in the condition of the debt or the currency which justifies a depreciation of from thirty-three and a third to forty per cent. in the latter as against gold and silver; or warrants the improvident and wicked speculation in merchandise and commodities now prevailing in the Atlantic cities to so fearful an extent. To effect this purpose I propose, in the first place, to call the attention of this House to the late report of the Secretary of the Treasury. On page 17 of the report to this Congress we find the following:

"The limit prescribed by law to the issue of United States notes has been reached, and the Secretary thinks it clearly inexpedient to increase the amount. When circulation exceeds the legitimate requirements for real payments and exchanges, no addition to its volume will increase its value. On the contrary, such addition tends inevitably to depreciation; and depreciation, if addition be continued, will find its only practical limit in the utter worthlessness of the augmented mass.

"When Congress authorized the erection of debt, to a certain extent, in the form of United States notes, and impressed on these notes the qualities of a circulating medium, its action was justified by the disappearance of coin in consequence of the suspension of specie payments; by the necessity of providing a medium in which taxes could be collected, loans received, and payment made; and by the obvious expediency of providing that medium in the form of national issues instead of resorting to the paper of banks. Under the circumstances its action was wise and necessary; but it was equally wise and necessary to limit the extent of the issues by the necessity which demanded them. They were wanted to fill the vacuum caused by the disappearance of coin and to supply the additional demands created by the increased number and variety of money payments. Congress believed that $100,000,000 would suffice for these purposes, and therefore limited issues to that sum.

"The Secretary proposes no change of this limitation, and places no reliance, therefore, on any increase of resources from increase of circulation. Additional loans in this mode would, indeed, almost certainly prove illusory; for diminished value could hardly fail to neutralize increased amount.

"Sufficient circulation having been already provided, the Government must now borrow like any other employer of capital temporarily requiring more than income will supply, and rely for the credit which will secure advantageous loans upon good faith, industrial activity, accumulated though not immediately available capital, and satisfactory provision for punctual payment of accruing interest and ultimate reimbursement of principal."

I regard these declarations of the Secretary as conclusive as to his opinions and designs.—His opinions are that sufficient circulation has been provided; that it cannot be increased except at the hazard of swift destruction to the whole system; that no change in the limitation or increase of the circulating medium, which is $400,000,000, ought to be considered for a moment. Here is an official declaration that $400,000,000 of currency have been supplied and are the outside limit that the Secretary will consent to issue, although the law allows $450,000,000. Ought not the country to be satisfied with this, the assurance of the Secretary of the Treasury

under his official signature? Where are we to get the facts if not from this high officer, acting under the responsibilities of his official oath? These plans of the Secretary commend themselves to my judgment as the correct steps toward a healthy and sound state of things.—They are all that any Democrat, considering the condition of the country and the existence of a fearful civil war, should expect or demand. The Secretary has a right to the support of this House in his efforts to approach a more solid system of finance. So long as he seeks to carry out these principles I shall support them to the best of my ability, because by this course I support the best interests of all classes and conditions of men. I support the means whereby the Government hopes to check expansion, undue prices, restrict speculation, restore confidence, and diminish the public expenses. Sir, holding these views, nothing could justify me certainly in withholding my aid from the accomplishment of this great effort to reduce the issue of paper money and to check the inflation now rushing like a whirlwind over the country, and this, unhappily, because of the too general ignorance of our real resources, and of the exact character of the public debt.

On page 8 of the Secretary's report we find the estimated condition of the public finances up to the 1st of July, 1864, and the estimated total debt up to the 1st of July, 1865. On the 1st of July, 1864, the public debt will be $1,636,946,641, of which $400,000,000 is currency. On the 1st of July, 1865, it will be $2,231,935,190, of which $400,000,000 is still to be the currency. It follows, then, that the funded or merchantable debt will, on the 1st of July, 1863, be $1,286,956,641, and on the 1st of July, 1865, $1,831,935,190, without the $400,000,000 of currency. It will be remarked that I class all but the $400,000,000 legal tender as funded debt, and that I assume that the extreme limit of this kind of money has been reached, that it will never be exceeded; and here permit me to repeat that I base this emphatic declaration on the language of the Secretary's report, that admits of no other interpretation. I now propose to make this clear to the House and to the country. The $400,000,000 legal tender, drawing five per cent. interest, and now being paid out by the Secretary, redeemable in one or two years, is, like the rest of the funded debt, a merchantable article, partaking of the character of the English exchequer bill. It varies in price according to the value of money. It increases in value daily by the augmentation of interest. It may float as currency for a few days after it is issued, but presently it is absorbed; it disappears from the market. At its maturity it must be paid. It differs from the currency in so far as it is made payable at a given date, and draws interest up to a given time. The debt certificates which are paid out by the Secretary are also merchantable. They are bought and sold for money. They occupy the same relation to the capital that any promissory note occupies. They are made payable at specific times, and draw interest at six per cent. *They are not currency.*

The long loan of the Government is like any other funded debt; and so, Mr. Speaker, out of $1,060,000,000 of debt created thus far, but $400,000,000 is currency.

The national bank currency act for the creation of $300,000,000 circulation of uniform value throughout the United States I understand as being designated to supersede the local State bank currency of the country; that it is simply the substitution of one plan for another—a plan which is regarded by the Secretary as the most suitable in time of war, calculated to strengthen the national credit, provide a means for the sale of Government debt in considerable quantities, and prepare the way for a resumption of specie payments as well as the gradual displacement of the legal tenders. It does not look to an increase of the currency. The new system comes into existence as the old system expires. There is no need, therefore, of any fresh alarm from this source. Congress may be called upon to modify the law of the last session on this subject, that the machine may work with perfect smoothness, but I think it will be demonstrated that, at the time the currency of the State banks is to cease to exist, that by enabling laws, or by other processes the banks themselves can readily pass under the new system. It therefore follows that no new device for the creation of more paper money is to be found in this bill. I am not prepared to say, in view of the fact of the introduction of the legal-tender currency during the war as an absolute necessity, and of its necessary existence to a greater or lesser degree for a time after the termination of the war, that the national bank currency act will not prove to be a wise and beneficent measure, calculated, as suggested by the Secretary, to insure an early return to specie payments, without the disorders and convulsions that have heretofore followed directly in the wake of great financial changes, and especially such a change as the substitution of specie payments for those of paper. A careful examination of this great question is certainly demanded by the best interests of the people, and I propose to give it the best attention of which I am capable before deciding upon my future course in the matter. I shall, however, examine it on its merits in connection with the probable wants of the country growing out of the war, and purely as a question of finance in which every human being in the nation is directly interested.

Mr. Speaker, the people buy the funded debt of the United States for income. They buy it with a full knowledge of all the circumstances under which it is created. They buy it on the credit of the nation, on its resources, on the present and prospective magnitude of its population and its productive power. They buy on the past history of the country, on its rapid growth, on its unsurpassed prospects for the future. They believe in the perpetuation of our institutions and in the preservation of our national unity. They believe in but one Government over our vast domain. They believe in the value of one million square miles of public lands west of the Missouri; in the thousands of millions of min-

eral wealth folded in its vast embrace. They believe in the construction of the Pacific railroad; in an exodus of millions of men to the Rocky mountains, prepared with their machinery to grind them to powder, and produce from their prolific sides huge volumes of treasure. They believe in the iron, the coal, the copper, the lead, the silver, the cinnabar, and all the valuable metals which they know to exist in unlimited quantities within that vast region of seven hundred million acres; and if they are willing to buy the funded debt of the nation on this security, how can you reconcile it that the $400,000,000 currency, based in reality on the same security, should sell at thirty-three and a third to forty per cent. discount? "There is more in this, if our philosophy could but find it out." Let us examine some of the reasons why this confidence should exist. Sir, in the very remarkable and highly valuable report of Hon. Samuel B. Ruggles, made in September of last year, to the International Statistical Congress at Berlin on the resources of the United States—a paper that should be circulated all over the country—I find the following valuable statistics on the subject of the increase of the population of the United States when compared with other countries.

The population of France increased thirty-seven per cent. in sixty years, from 1801 to 1861; of Prussia, seventy-nine per cent. in forty-five years, from 1816 to 1861; of England and Wales one hundred and twenty-one per cent. in sixty years, against an increase in the United States of five hundred and ninety-three per cent. in the same length of time.

The increase of the national wealth within the last ten years is thus presented in the same report; assessed value of property actually taxed in 1850, leaving out the assessed value of slaves, was $6,174,780,000, and in 1860, $14,223,613,068; leaving an increase in the decade of $8,048,825,840. Mr. Ruggles thus distributes this vast increase of the national wealth: to New England $735,754,244; the middle Atlantic or carrying and commercial States, from New York to Maryland, inclusive, $1,834,911,579, and to the food producing interior itself, embracing the eight great States of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri, $2,810,000.

Now, sir, at this rate of increase, in 1870, six years hence, we shall have $35,000,000,000 of national wealth, and in 1880, in only sixteen years, $80,000,000,000.

Sir, the legal tender currency of $400,000,000, if divided equally among these States, to be paid by them out of this increased wealth, would have been extinguished in the first six months of the year 1860, and the balance remaining on hand of the increase of this wealth of the ten years preceding would have been the enormous sum of $7,500,000,000.

These figures are presented, Mr. Speaker, in order to show how unimportant is this amount of currency when regarded or examined in connection with the nation's ability to pay it. And yet we are told that the country is on the verge of hopeless ruin. No, sir. Let the Secretary only adhere to the principles and to the language of his report. In the language of the poet, the nation

> "Is far as the farthest from ruin;
> The fields seem to know what their master is doing;
> And pasture and orchard and cornfield and lea
> All catch the infection, as generous as he."

In this connection, or in connection with that vast section of this country which stretches away from the Missouri to the Pacific, so forcibly alluded to in the report to which I have referred, let me request my colleague from New York, who is filled with apprehension of coming woe in the shape of national ruin growing out of the creation of $400,000,000 of paper money, to pass for a few moments from this hall to the foot of the great marble staircase that leads to the upper story of this building. His attention will be arrested at the foot of the steps by a magnificent work of art illustrating the declaration of the distinguished Bishop Berkeley—for I believe this country is indebted to him for that brief but expressive sentence—"Westward the course of empire takes its way."

Sir, we all know my colleague to be a man of fine imagination and of quick perceptions. As he will gaze on this effort of the gifted artist, he will in spite of himself find his heart swelling under the inspirations that will sweep unbidden over his kinder nature and his gentler judgment. Sir, he will acknowledge that in the truths of to-day the prophetic declarations of the writer of that sentence have been already realized. The course of empire has been westward. Hundreds of thousands of men have surged over to the shores of the Pacific like a flood, and now, like the tidal pulses of the sea, are rolling backward again east to the Rocky Mountains to meet the still rolling western waves at the same point. On the sides of those mountains, and in the basins and valleys which they create, an empire of millions of human souls are destined ere long to concentrate their mighty energies, struggling with the seaboard for the supremacy in material wealth. Sir, they will be indorsers of this $400,000,000. Twenty-five millions of people living to-day have made these bonds or obligations. Forty-two millions of people will guarantee them in 1870. Why, sir, that is only six years hence, and according to the census of 1860 fifty-six millions will look after the debt if it is not paid in 1880, only sixteen years hence, backed up by $82,000,000,000 of capital or national wealth. Sir, no comment is necessary in the face of these wonderful figures!

But, Mr. Speaker, let us for the sake of argument suppose, what I will admit is hardly supposable, that this Government should, in the course of its struggles, overwhelmed with new embarrassments, had itself unable to pay its interest on its funded debt for one or more years, what would be the result? Viewed in the light of history it might bring national concern and mortification, but not national disgrace. Nor would it retard our national growth for a single hour. The soil would still produce its teeming

millions of grain; the Pacific slope its immense treasures of gold and silver. The tide of population would still sweep in in hundreds of thousands. Our industry would still flourish, our people labor, and the country, in all its greatness and its glory still remain. Sir, we have already seen in our own brief history that which will serve as an illustration as to what may be seen again upon a larger scale.

There are two memorable instances on record which are worth more than a passing thought for the splendid lessons that they teach.

The western States, led on by a spirit of enterprise far in advance of the actual development in material wealth and in population, contracted debts for their internal improvements. In a dark financial hour they failed to pay their interest, and their obligations declined from a premium of twenty per cent. down to eighty per cent. below par. The great State of Ohio trembled to her center at the time for her apprehensions and fears. And powerful Pennsylvania with all her wealth saw her securities sixty per cent. below par. Some years elapsed before the Western States responded. But, sir, they did respond, nobly responded, paid every dollar, and so vindicated the judgment of the pioneers who marked out the system of internal improvements. They vindicated the judgment of the investers in their securities who bought as men now buy the funded debt of the United States on what they see and believe in the future of this country.

Hence, I would urge upon the Secretary of the Treasury the great importance of acting with promptitude upon the clear and comprehensive language contained in his report; to borrow in the open money market, and at the market price, every dollar hereafter demanded by the wants of the Government. I would advise a sale of the funded debt to any extent necessary; and I would urge upon this House to exhaust its ingenuity in showing the magnitude of the security offered by the nation, and the great and growing power of the Republic, in order to facilitate the Secretary in the most effective manner in all his future negotiations.

The States of Indiana and Illinois are worthy of especial mention as affording the evidence of the wonderful recuperation of our people within the State limits. It is within the recollection of many members of this House, indeed all of them, how the realization of the financial disasters that broke over those young States of the West, and swept the sensibilities of both hemispheres. Europe was largely interested in these obligations, and very large amounts of them were held in this country. These States were covered with ignominy and reproach, and they were compelled to endure the base charges of repudiation and bankruptcy. Sir, they were never for one moment bankrupt, nor did they even for one moment falter in the resolution to repair the disasters of that fearful period by an early liquidation of all their indebtedness. Sir, the example of these States to their brethren of this country will live in all coming time, and it stands out, and will ever stand out, as the most incontrovertible testimony that the nation of which they form so magnificent, so illustration and so distinguished a part, will pay every dollar, both principal and interest, be it funded debt or legal tender—every dollar expended to perpetuate the structure of this Government in all its splendid proportions, in all its graceful outlines.

The other instance to which I would refer is the railroad crisis. Railroad stocks and bonds passed in public estimation from a high premium almost to zero. Thirty-three thousand miles had been built, costing $1,300,000,000, or an amount equal to the present national debt; miles of railroad built by the enterprise of our people, and more than all Europe besides. Sir, when the hour came, and these securities were unsaleable; when these corporations did not pay their interest, and when men who held them seemed in despair, what did it accomplish for the system itself? It did not destroy the railways; it did not diminish traffic; it did not stay the strong arm of the agriculturist; it did not retard the growth of our population. No, sir, the system was bound to live; it belonged to this, the nineteenth century; it was conceived in great foresight and wisdom, and it survived through new economies and the introduction of wiser and more prudent counsels in its management.

Who suffered by this remarkable crisis? Not the owners of the property, for they saved their money in the revival of the prices of both bonds and stocks; nor the country, for it remains teeming with prosperity, productiveness, and power, stimulated and strengthened by this gigantic system of internal improvements.

Now, sir, where is the difference between the funded debt of a great community and the funded debt of a smaller community, or the debt and obligations of incorporated companies? Show me the difference in the character of the calamity that would befall the Government if we should fail to pay interest for a single year, and the calamity that befell the State of Illinois under the like circumstances or the circumstances to which I have referred.

The conclusion to be drawn from all this, Mr. Speaker, I take to be simply that the only thing which the country has to fear is the continued depreciation of the $400,000,000 of legal tender, which the people sell at thirty-three to forty per cent. discount under the influence of the marvellous fears generated and encouraged by those who are utterly ignorant of the power and resources of the nation. To my understanding all our trouble lies with the legal tender. It is a matter of no consequence to the people of the country as a nation, as to what the funded debt may sell at in the mutations of the future. The Government has only to look after the interest upon the debt and the principal at its maturity. With the currency, which every man is bound by law to receive for his property, it is another affair. There is no time fixed for its final extinguishment, and our enemies seek to discredit and destroy it both at home and abroad. Peo-

ple who take it hasten to invest it in real property, while speculation lives and flourishes by holding it up to public odium and contempt.—The more speculation can discredit it, the more speculation thrives.

Speculation is sleepless in its efforts to discredit it; and yet, sir, there is a way to remedy the difficulty. It is by familiarizing the people with the power, resources, and wealth of the nation; and this in my judgment, is the duty of every Representative in this House, and of every intelligent and reflecting citizen out of it. If this $400,000,000 of currency were secured to be paid to-morrow, if the nation could begin to see it expire by the establishment of a sinking fund of ten per cent. per annum, which would destroy it all in ten years, or if, by legislation, the Secretary was directed to burn $100,000 of it per day until the whole $400,000,000 were destroyed, do you imagine that you would hear anything more of a rise in gold? Sir, it would be the death of the speculators on the sea-board, and the nation would rise from its apprehensions full of fresh power and energy. So small an effort as this, in my opinion, would reduce the expenses of this Government thirty-three and one third per cent. per annum. If, sir, I am right in this conclusion, why should the people be inflamed with fresh fears by the dark predictions of impending bankruptcy and ruin? And why are we not bound to present, in contradiction to statements such as I have referred to, facts that lead the mind to an entirely different judgment?

Sir, I repeat, with all the emphasis I am capable of expressing, that in advocating every measure for strengthening our financial system; by encouraging the Secretary of the Treasury to persevere in carrying out the ideas distinctly presented in his annual report; by pointing out, to the extent of my humble ability, the way to roll back the current that has set in in such irresistible force against the public credit; by pointing out in even so feeble a manner the vast resources of our country, and showing that an issue of $400,000,000 of currency, which, after all, is only a substitute for the gold and bank circulation it has displaced, I fulfill my duty as a Representative. The people, who are to be swept away in case of so fearful a calamity as national bankruptcy, will sustain me in my efforts, and will sustain all those who take the same course in the midst of the emergencies of this fearful contest.

In the course of the debate, Mr. Speaker, the distinguished gentleman from Massachusetts who advocated the proposition to empower the Secretary of the Treasury to anticipate the interest on the public debt, and so dispose of the surplus gold in the Treasury, and avoid its accumulation hereafter by the same means, declaring that, disguise or conceal it as we might, the currency had depreciated to the extent indicated by the price of gold.

Sir, the quotation daily made for gold in the New York market is certainly an indication for the day of the positive depreciation of the currency. Any one who owns gold can certainly sell it at the New York quotation for paper. No one can deny the truth of this proposition; but I submit to that gentleman, and to those who concur with him in opinion, whether there are not many good grounds for the belief that there are causes operating to produce this depreciation unknown before in the history of paper money, and whether some of them may not be regarded as wholly artificial, and capable of being easily exposed and dispelled? Sir, I think there are artificial means constantly being used to influence the price of gold. These means have been employed since the suspension of specie payments. They have increased from month to month for the past year, just in proportion to the growth of speculation, which to-day exceeds in volume anything ever known before in the history of civilization. It has become necessary for the safety of this huge structure of illegitimate traffic that the price of gold should continue to rise in respect to the currency; and, sir, it will not be permitted to decline if human ingenuity and human effort can prevent it. Such a state of things must give birth to every species of device, and to every kind of artificial process. They will come in the form of misrepresentations of the military situation of the country and exaggerated statements of any defeats in the field; they will be in the shape of extensive combinations for the temporary purchase of the floating gold in the market; in the false statements as to the character and condition of the public debt, and in the objects and designs of the Government; and all this is rendered more easily available by the ignorance that is permitted to prevail as to the resources and power of the nation.

To illustrate my view more fully as to "causes hitherto unknown" now operating to the prejudice of the currency, I would ask the House to regard New York city the great commercial and financial center, connected by the electric wires with every city and every town of any importance in every State not in rebellion, away to the far off Pacific. The opinions of representative men are solemnly uttered in this House that national bankruptcy and repudiation are surging at our feet to ingulf us in its formidable waves. The lightning that carries this fearful verdict to the people of the country flashes the tidings to the city of New York almost instantly from innumerable points in the shape of positive orders to buy gold, to buy merchandise, to buy commodities. Thousands of orders reach that great mart in an hour, and through all hours of the day, and hence a traffic, boundless in extent, and all in one direction, all to purchase property at the market prices, without limit, is carried on in that city by a frightened and frenzied population. Has the currency depreciated because of these transactions? Is national bankruptcy really here because of such declarations? I cannot so regard it. The truth is that this modern instrument, electricity, is playing a new and most important part in the affairs of men, and for the first

time in the greatest drama in the history of civilization. It so concentrates and so intensifies the incidents of human life, so entirely controls and governs them, that those who measure the present by the past utterly fail to arrive at proper or just conclusions. Sir, I look for the moment when the people of the United States, moved by different impulses, influenced by calmer counsels, led by wise judgments, and enlightened by the spirit of truth, will see with a clear vision the actual condition of their country, and be overwhelmed with shame and mortification at their own folly.

Suppose, Mr. Speaker, the existence of some vast building or theater crowded with thousands of human beings, all intent upon the enjoyment of some great dramatic spectacle; and suppose that, in the midst of their engrossment of the play, in obedience to a concerted signal, a few voices should raise the appalling cry of fire, and rush through the narrow outlets toward the street. Does it need any one to foretell the fearful disasters that might follow the efforts of that frenzied multitude in their attempts to escape through the contracted and crowded corridors? Sir, hundreds might be crushed to death, while thousands were being robbed by those who had precipitated the calamity. Sir, will any one undertake to declare that the building is really on fire because of the infuriated cry of fire? I think not, sir; and yet *such* is the condition of the people of this country on the great question of the national currency. Hundreds have been crying fire for the past three years, while multitudes have been endeavoring to escape the fearful calamity which is said to threaten the paper system. It is to be entirely demolished, say our enemies; and while the cry continues, and every imaginable auxiliary is being used to magnetize the nation into such a belief, and while the people are rushing out of the building in mad disorder, a system of pillage is going forward that defies description, and human ingenuity is taxed to its utmost capacity to keep up the alarm, that the spoils of the enterprise may augment, and the opportunities for plunder survive a little while longer.

I regard, sir, the depreciation of the currency of the United States from thirty-three to forty per cent. discount for gold as a monstrous crime or a fearful delusion; I regard every man as guilty of crime who does anything to assist that depreciation. While the few are benefiting by it, while the capitalists are rejoicing over their advantages, the masses of our countrymen are suffering fearfully, and must continue to suffer still more, unless we awake to the magnitude of the crisis, and use the great facts that God had furnished us with to counteract the trouble and restore the public confidence in all classes of our securities.

Sir, it may be urged that the most gifted intellects and the most profound wisdom have been exerted on the side of truth for the benefit of the nation, and that no good reason can be assigned for the declaration that which is false has been the most extensively circulated through the modern machinery of the telegraph. To that I answer, that during the whole of this war, certainly during the existence of the Thirty-Eighth Congress, the talent of this House has not been exerted on the side of those questions which are operating so powerfully on the interests of the people apart from the war. The war itself, the measures for its prosecution and final settlement, have engrossed its entire attention, while for the want of practical legislation the solid industry of the country is being subordinated by wild speculation, and the currency rotting away daily, to the almost irreparable damage of the national interests.

But, sir, I look hopefully into the future. I cannot but believe that there is a great change approaching. The Secretary of the Treasury has indicated the policy which he designs hereafter to pursue. He asks no more legal-tender money from this Congress. He marks out for himself a well-defined line in the direction of a sound and stable state of things, along which he is resolutely determined to pass. A man reads with no understanding who does not detect such a resolution in his report to this Congress. Sir, this policy will have the effect to check the speculative madness of the present hour; it will have the effect to re-establish public confidence in the power of the nation and in the soundness of its obligations; it will restore to sanity those who are mad, and bring about a reaction of public sentiment in favor of the currency which so many have been dishonoring, and which, for a time, is indispensable to the safety and life of the nation.

When this moment arrives, as arrive it assuredly will, we shall again realize the influence of electricity. The current of disorder will as suddenly subside; it will be rolled backward to its source with an impetuosity of terrible strength. The wires will again be in requisition, and flash from all parts of the United States to the great center of traffic; but conveying very different tidings from what they have so long been used as the instrument. Sir, on that day I commend New York to the especial notice of this House. With the decline in gold hugh values will disappear, from thirty-three and one third to fifty per cent., in a single day, and the masses of our people begin to find the proceeds of their labor again equal to their necessities.

Sir, it is our solemn duty to assist in bringing about such a state of things. The first step we are bound to take is to relieve the Government from the fearful position of being a hoarder of gold. It cannot afford to be an instrument in the hands of its enemies, a participator in the depreciation of its currency, a party to the speculators of the seaboard. It cannot be auxiliary to that without precipitating its own ruin.

The second step should be to allay the public fears as to the value and extent of the legal-tender issue. The amount is but $400,000,000,

not $1,000,000,000. Instead of an unlimited issue hereafter, not one dollar more is to be added; but, on the contrary, the amount in circulation is to be reduced, and a more enlarged system of taxation established. Such, from the language of the Secretary's report, is to be the future policy of the Government.

The third is to exhibit and keep before the people the absolute resources and power of the nation, and show the difference between its ability to meet the formidable emergencies of this war and the ability of other nations at other periods to meet the emergencies of their revolutionary and other contests, because of the comparison that is constantly being instituted; to show that no parallel whatever can be drawn between the struggles between nations in the Old World. Comparisons are frequently instituted between the condition of the currency of the United States and that of the French assignats during the period of the Revolution. Why, sir, France issued $9,000,000,000 of that kind of paper within about the same time that we have issued $400,000,000, or less than five per cent. of that of France. Sir, there can be no parallel between the cases, certainly none when we regard the question in connection with the resources of the two Powers. The increases of the population of this country over that of France for the past ten decades is a plain answer to the question.

In conclusion, Mr. Speaker, we must instruct the people as to the difference between currency and funded debt, a thing that seems to be so little understood. If we keep constantly before the public view the vast security afforded for the final extinguishment of our debt, and show our abundant resources to meet the continued demands of the war for a long time to come, in case it should be necessary to continue it, there need be no fear of bankruptcy or repudiation.

McGILL & WITHEROW, Printers, 366 E street, Washington, D. C.

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